



EDUCATION INDUSTRY

Q3 2020 :: Mergers and Acquisitions Trend Report

Q3 2020 KEY HIGHLIGHTS

- The most active acquirer through the 1st 3 Quarters of 2020 was Unacademy, an online learning platform based in India, with five transactions.
- Unacademy acquired Coursavy, a test preparation startup focused on India's Union Public Service Commission (UPSC) exams; Mastree, which offers live classes and curated courses for grades 6 to 8 in math and science; PrepLadder, a postgraduate medical entrance exam preparation platform, CodeChef, an educational initiative and global community centered on algorithms and computer programming; and Kreatryx, an online preparation platform for competitive exams in engineering and other areas.
- The combined Professional Training Technology and Services segments accounted for 50 percent of aggregate volume during the quarter.

Q3 2020 KEY TRENDS

- Total transaction volume in Q3 2020 improved 51 percent over Q2 2020, from 75 to 113. Of note, strategic acquirers accounted for 76 percent of the industry's total volume year-to-date.
- Total transaction value in Q3 2020 nearly quadrupled over Q2 2020, from \$1.1 billion to \$4.2 billion.

MULTIPLES & VALUE TRENDS

- The median revenue multiple from 2019 through the 1st 3 Quarters of 2020 declined 11 percent, from 2.8x to 2.5x.

M&A Market Dynamics By Quarter

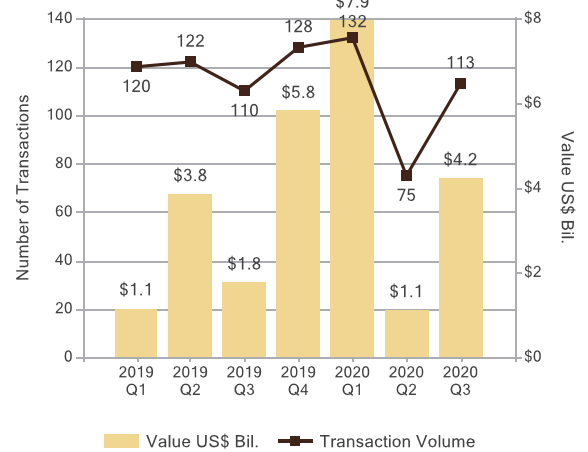


Figure 1. 2019-2020 value and volume comparison.

Median Enterprise Value Multiples

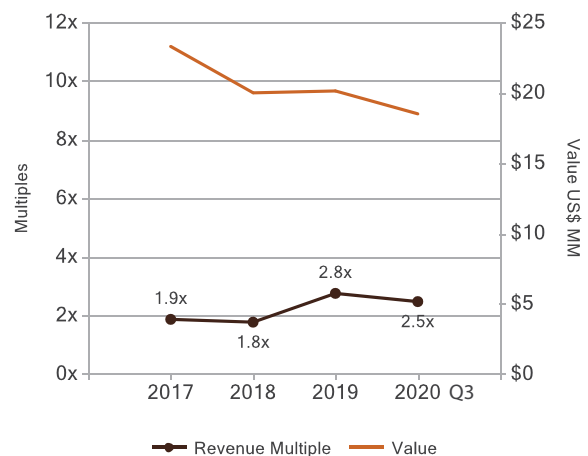


Figure 2. 2017-2020 median revenue and value comparison through Q3 2020.

Top Ten Notable Transactions - 1st 3 Quarters 2020

Deal Date	Target Name	Buyer	Value MM US\$
02/26/20	iQ Student Accommodation	Blackstone Group LP	\$6,015
09/11/20	Walden University	Adtalem Global Education Inc.	\$1,480
09/01/20	Rosetta Stone Inc.	Cambium Learning Group	\$735
06/24/20	Canadian International School Pte. Ltd.	Maple Leaf Educational Systems	\$487
01/22/20	Harbin Institute of Petroleum	China Kepei Education Group Limited	\$210
03/18/20	Jiayi Education	Lvjing Holding	\$187
01/27/20	Galvanize, Inc.	K12, Inc.	\$165
03/02/20	INTI International University and Colleges	Hope Education Group	\$140
03/13/20	Learning Curve Group	Agilitas Private Equity LLP	N/A
03/17/20	Teachable, Inc.	Hotmart	N/A

2020 Aggregate Transaction Value \$13,058

Top 8 Aggregate Transaction Value \$9,418

Top 8 Aggregate Value as a Percentage of All Transactions 72 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2020 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

TOP TEN DEALS THROUGH Q3 2020

The top ten deals by value have seen two new additions since our half year report: Adtalem Global Education's announced acquisition of Walden University, an online institution that enrolls about 48,000 students, for \$1.5 billion; and Cambium Learning Group's announced acquisition of Rosetta Stone, a technology-based learning solutions company best known for its language programs, for \$735 million.

These two transactions, with an aggregate value of \$2.2 billion, represented 17 percent of transaction value in the 1st 3 Quarters of 2020 and 52 percent of Q3 2020 transaction value.

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